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REMARKS

The application has been reviewed in light of the Office Action dated March 22, 2007. Claims 1-12, 17 and 19 were pending, with claims 14-16 having been withdrawn by the Patent Office from consideration and therefore canceled, without prejudice to applicant's right to pursue the canceled claims in one or more divisional or continuation applications. In addition, claim 18 was previously canceled, without prejudice or disclaimer.

By this Amendment, claims 1-12 and 17 have been canceled, without prejudice or disclaimer, and new claims 20-36 have been added. Accordingly, claims 19-36 are now pending, with claims 19, 23 and 30 being in independent form.

Claims 1-6, 8-12, 17 and 19 were rejected under 35 U.S.C. § 102(e) as purportedly anticipated by Arunapuram et al. (US 2002/0019759 A1). Claim 7 was rejected under 35 U.S.C. § 103(a) as purportedly unpatentable over Arunapuram.

Applicant has carefully considered the Examiner's comments and the cited art, and respectfully submits that independent claims 19, 23 and 30 are patentable over the cited art, for at least the following reasons.

This application relates to shipping by a supplier of ordered items to customers, and more specifically, managing, tracking and assessing costs of such shipping, particularly, when the circumstances do not allow for charging to the customer the actual cost (to the supplier) of shipping ordered items to the customer. One example of such circumstances is when the supplier must ship the ordered items from a location in another country (although the customer believes that ordered items are coming from a location domestically). Another example is when the ordered items being shipped to the customer is bundled in a common package with items being shipped to another customer and transported at least part of the way, and the supplier is charged

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by the shipping entity a single amount for said transportation of the single package containing items for multiple customers. In each of these instances, notwithstanding the circumstances, the customer is provided an indication, at the time the order is placed, of the amount that the supplier will charge the customer for shipping, without knowledge by the supplier of the actual cost to the supplier of shipping the ordered items to the customer.

Applicant devised an improved business method including computing a difference between (i) a shipping charge corresponding to an actual charge by the shipping entity to the supplier for transportation of items by the shipping entity from one or more actual supplier locations to a customer location and (ii) a second shipping charge corresponding to a shipping charge by the supplier to the customer and calculated by reference to charges applicable to shipment of the items to the customer from one or more virtual supplier locations that are different from the one or more actual supplier locations, and utilizing the computed difference to account for unbilled shipping costs in a predetermined period of time (claim 19), internal management and tracking of unbilled costs of operations (claim 30 and claim 26), tracking unbilled shipping costs (claim 34), internal assessment of operations (claim 27 and claim 35), internal cost accounting (claim 21), freight analysis on a month-by-month basis (claim 33) and/or product planning (claim 20, claim 25 and claim 32).

Arunapuram does not teach or suggest such features.

Arunapuram, [0077], which states as follows, is relied on repeatedly by the Office Action:

[0077] When the above orders are considered in the problem-solver module during a batch, *an initial decision is made by the PS on which route is best for each order*. All eligible MLRs proposed by the transportation planning manager are compiled by the PS logic during this sub-step of a batch run along with any potential through point trips (comprising a single stop) and direct routes for each order from

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origination to destination point. *Estimated costs for each route are used to make the decision* after all potential freight movement paths have been identified. While some savings are realized through the consolidation of one or more orders together, *it should be understood that the cost calculations for an MLR by the PS module (as well as TL, LTL, air, rail, and sea freight movements) are essentially estimates* since the full impact of multi-stop trips and result in accessorial charges is unpredictable. *Having made an initial determination about the best route, the PS module puts together all legs of a subsequent MLR. This sequential leg building procedure allows for all bundling opportunities to be accounted for.* For example, in the above scenario all three orders will be built onto the same trip on the leg spanning PEN and LAX. Additionally, the two trips originating from the first and second locations in Malaysia that both are traveling to the location in Arizona can both be routed together from LAX to PHX and from PHX to their final destination via truckload. Bundling freight movements together in this manner typically results in reduced costs due to advantages from economics of scale.

Thus, Arunapuram, [0077], proposes an approach for route planning based on estimated cost. However, Arunapuram, [0077] says nothing whatsoever regarding performing accounting of shipping costs to the supplier (that is, computing the difference between (I) an actual charge by the shipping entity to the supplier for transportation of the ordered items and (II) the actual amount charged by the supplier to the customer).

Likewise, Arunapuram, [0081], which states as follows, is unavailing:

[0081] If orders that fall into a lane, serviced by a given MLR template, have capacities that fall below the lower capacity MLR threshold, these orders will be claimed, so to speak, by this MLR during the PS logic's *trip building process*. However, the same orders may fall below this limit for other defined MLRs as well (and for other types of through-points, like crossdocks) and may therefore be claimed by multiple MLRs and through-points. To route these orders, the PS logic ultimately routes all of them and then makes a cost-based decision between the MLRs and other through-points that claim the bundle of orders at sub-step 704 as discussed below.

Arunapuram, [0081], like Arunapuram, [0077], is directed to route planning, and more specifically, assigning an order to a MLR (Multi-Leg Routes).

Arunapuram, [0126] through [0141], proposes an approach for allocating the cost of a

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freight movement of multiple orders to each order that comprises the freight movement (including calculating an allocation ratio for each order and applying the ratio to the total cost), and then invoicing such cost to the customer who placed the order.

However, Arunapuram, [0126] through [0141], does not teach or suggest computing the difference between (I) an actual charge by the shipping entity to the supplier for transportation of the ordered items and (II) the actual amount charged by the supplier to the customer.

Further, since the customer is charged for shipping only after the supplier knows the actual cost of shipping, in the approach proposed by Arunapuram, there is no need to compute the difference between (I) an actual charge by the shipping entity to the supplier for transportation of the ordered items and (II) the actual amount charged by the supplier to the customer (since the actual amounts charged to the customers total the actual charge by the shipping entity).

Arunapuram, [0122], merely proposes that when a bill is received from a carrier that exceeds the expected amount it is tagged for review.

Arunapuram, [0122], proposes that accounts receivable of the supplier, as well as optionally the customer, is electronically notified of the invoiced shipping cost.

Arunapuram, [0039], proposes route planning in batch mode.

However, Arunapuram simply does not teach or suggest computing a difference between (i) a shipping charge corresponding to an actual charge by the shipping entity to the supplier for transportation of items by the shipping entity from one or more actual supplier locations to a customer location and (ii) a second shipping charge corresponding to a shipping charge by the supplier to the customer and calculated by reference to charges applicable to shipment of the items to the customer from one or more virtual supplier locations that are different from the one

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or more actual supplier locations, as provided by the subject matter of claim 19 of the present application.

Independent claims 23 and 30 are patentably distinct from the cited art for at least similar reasons.

In addition, since the supplier allocates the entire actual cost of shipping to the customers, in the approach proposed by Arunapuram, there are no unbilled shipping costs.

Therefore, contrary to the contention in the Office Action, Arunapuram also fails to teach or suggest utilizing the computed difference to account for unbilled shipping costs in a predetermined period of time (claim 19 of the present application), internal management and tracking of unbilled costs of operations (claim 30 and claim 26), tracking unbilled shipping costs (claim 34), internal assessment of operations (claim 27 and claim 35), internal cost accounting (claim 21), freight analysis on a month-by-month basis (claim 33) and/or product planning (claim 20, claim 25 and claim 32).

Accordingly, for at least the above-stated reasons, Applicant respectfully submits that independent claims 19, 23 and 30, and the claims depending therefrom, are patentable over the cited art.

In view of the amendments to the claims and remarks hereinabove, Applicant submits that the application is now in condition for allowance. Accordingly, Applicant earnestly solicits the allowance of the application.

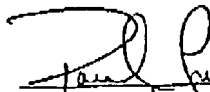
If a petition for an extension of time is required to make this response timely, this paper should be considered to be such a petition. The Patent Office is hereby authorized to charge any fees that are required in connection with this amendment and to credit any overpayment to our Deposit Account No. 03-3125.

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If a telephone interview could advance the prosecution of this application, the Examiner is respectfully requested to call the undersigned attorney.

Respectfully submitted,



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